UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For transition period from ______ to _____
Commission File Number 001-40812

THOUGHTWORKS HOLDING, INC.
(Exact name of registrant as specified in its charter)

Delaware	**82-2668392**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

200 East Randolph Street, 25th Floor
Chicago, Illinois 60601
(312) 373-1000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value	TWKS	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of August 3, 2023, there were 317,728,750 shares of the registrant's common stock outstanding.

Explanatory Note

Thoughtworks Holding, Inc. (the "Company") is filing this Amendment No. 1 ("Amendment No. 1") to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (the "Original Filing"), originally filed with the Securities and Exchange Commission ("SEC") on August 8, 2023 (the "Original Filing Date") to correct a misstatement in its Condensed Consolidated Statement of Cash Flows (Unaudited) for the period ended June 30, 2023. The misstatement was due to an inaccurate presentation of the change in cash flows ascribed to operating and financing activities in the condensed consolidated statement of cash flows. The misstatement relates solely to the inaccurate classification of the payment of contingent consideration. The Company considered both quantitative and qualitative factors in assessing the materiality of the misstatement and determined the misstatement was material to previously issued financial statements and has restated the accompanying Condensed Consolidated Statement of Cash Flows (Unaudited) for the period ended June 30, 2023 (the "Second Quarter").

There was no change to the net decrease in cash, cash equivalents and restricted cash in the Second Quarter nor was there any change in cash, cash equivalents and restricted cash at the end of the Second Quarter. There was no impact to the Company's condensed consolidated statements of loss and comprehensive loss, condensed consolidated balance sheets, or its condensed consolidated statements of changes in stockholders' equity for the Second Quarter.

Items Amended in this Quarterly Report on Form 10-Q/A

In addition to correcting the unaudited condensed consolidated financial statements, specifically the unaudited condensed consolidated statement of cash flows, related revisions and updates have been made to the following sections (the "Amended Items"):

- Part I, Item 1. Financial Information
  - Note 1, *Business and Summary of Significant Accounting Policies*
- Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
- Part I, Item 4. Controls and Procedures
- Part II, Item 1A. Risk Factors
- Part II, Item 6. Exhibits

This Amendment No. 1 also includes revisions and updates to certain other information including, but not limited to, an updated signature page. Additionally, in accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended, the Company is including with this Amendment No. 1 currently dated certifications from its principal executive officer and principal financial officer. These certifications are filed or furnished, as applicable, as Exhibits 31.1, 31.2, 32.1 and 32.2.

Except for the Amended Items, no changes have been made to the Original Filing, and this Amendment No. 1 does not modify, amend or update any of the other financial information or other information contained in the Original Filing. This amendment should be read in conjunction with the Company's other filings with the SEC. This Amendment No. 1 does not reflect events that may have occurred subsequent to the Original Filing Date other than those disclosed in Note 1. This Amendment No. 1 reflects updated Exhibit 101 (Interactive Data Files), which is filed herewith, as applicable.

Internal Controls Considerations

A discussion of the Company's internal controls over financial reporting, including that a material weakness in the Company's internal controls over financial reporting has been identified and management's plans to remediate this material weakness, is set forth in Item 4.

THOUGHTWORKS HOLDING, INC.

QUARTERLY REPORT ON FORM 10-Q

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q (the “Quarterly Report”) contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements include statements that are not historical facts and can be identified by terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” "strive," “will,” “would” or similar expressions and the negatives of those terms but the absence of these words does not mean that the statement is not forward-looking. The forward-looking statements are contained principally in the section captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements may include information concerning our possible or assumed future results of operations, client demand, business strategies, technology developments, financing and investment plans, competitive position, our industry, macroeconomic and regulatory environment, potential growth opportunities and the effects of competition.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on forward-looking statements. Also, forward-looking statements represent our management’s beliefs and assumptions only as of the date of this Quarterly Report. You should read this Quarterly Report and the documents that we have filed as exhibits hereto, completely and with the understanding that our actual future results may be materially different from what we expect.

Important factors that could cause actual results to differ materially from our expectations include:

- our business has been, and may continue to be, adversely affected by volatile or uncertain operational, geopolitical, regulatory, legal and economic conditions;
- our restructuring actions may not be successful, may impact our business and financial performance, and may result in additional costs;
- our business, financial condition and results of operations may be adversely affected by fluctuations in foreign currency exchange rates;
- increases in wages, equity compensation and other compensation expenses could prevent us from sustaining our competitive advantage and increase our costs;
- our effective tax rate could be materially adversely affected by several factors;
- we may not be successful at attracting new clients or retaining and expanding our relationships with our existing clients;
- we generally do not have long-term commitments or contracts with our clients;
- we face risks associated with having a long selling and implementation cycle for our services;
- our cash flows and results of operations may be adversely affected if we are unable to collect on billed and unbilled receivables from clients;
- our profitability could suffer if we cannot accurately price our solutions and services, maintain favorable pricing for our solutions and services, are unable to collect on receivables from clients or fail to meet our contractual and other obligations to clients;
- we may be unable to implement our strategy;
- our ability to generate and retain business depends on our reputation in the marketplace;
- our business and operations may be harmed if we cannot positively evolve and preserve our Thoughtworks culture;
- if we fail to manage our acquisition strategy, our culture and growth plans could be materially adversely affected;
- we must successfully attract, hire, train and retain skilled professionals to service our clients’ projects and we must productively deploy our professionals to remain profitable;
- if we fail to adequately innovate, adapt and/or remain at the forefront of emerging technologies and related client demands, we could be materially adversely affected;
- we face intense competition and operate in a rapidly evolving industry, which makes it difficult to evaluate our future prospects;
- if we cause disruptions to our clients’ businesses, provide inadequate service, or breach contractual obligations, our clients may have claims against us, which our insurance may not adequately protect against, and our reputation may be damaged;
- we face risks associated with security breaches as well as privacy and data protection regulations, and we may incur significant liabilities if we fail to manage those risks;

- a significant failure in our systems, telecommunications or IT infrastructure could harm our service model, which could result in a reduction of our revenues and otherwise disrupt our business;
- changes in privacy and data protection regulations could expose us to risks of noncompliance and costs associated with compliance;
- we are subject to laws and regulations in the U.S. and other countries in which we operate, compliance with these laws requires significant resources and non-compliance may result in civil or criminal penalties and other remedial measures;
- we may become subject to disputes or legal or other proceedings that could involve significant expenditures by us, which could have a material adverse effect on us, including our financial results;
- our existing indebtedness could adversely affect our business and growth prospect;
- we may face intellectual property infringement or misappropriation claims that could be costly to defend or if we do not protect our brand through our intellectual property rights, our business may be harmed;
- we may not be able to prevent unauthorized use of our client's intellectual property and our business and competitive position may be damaged as a result;
- our stock price may be volatile, and the value of our common stock may decline;
- our issuance of additional capital stock in connection with financings, acquisitions, investments, our equity incentive plans, or otherwise will dilute all other stockholders;
- if securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, the market price and trading volume of our common stock could decline;
- we do not intend to pay dividends for the foreseeable future and, as a result, the ability of the holders of our common stock to achieve a return on their investment will depend on appreciation in the price of our common stock;
- investment funds (the "Apax Funds") advised by Apax Partners L.L.P. ("Apax Partners") control us, and such control may give rise to actual or perceived conflicts of interests;
- our status as a “controlled company” grants us exemptions from certain corporate governance requirements; and
- other factors disclosed in the subsection entitled “Risk Factor Summary" and the section entitled "Risk Factors” in the Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2023 (the "2022 Annual Report") and the section entitled "Risk Factors" in this Quarterly Report.

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, include, but are not limited to, those disclosed under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Quarterly Report and in our 2022 Annual Report. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this Quarterly Report in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this Quarterly Report are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

PART I. FINANCIAL INFORMATION

Item 1. *Condensed Consolidated Financial Statements (Unaudited)*

THOUGHTWORKS HOLDING, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data and per share data)

	June 30, 2023	December 31, 2022
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 88,151	$ 194,294
Trade receivables, net of allowance of $7,915 and $9,531, respectively	154,208	201,695
Unbilled receivables	137,089	122,499
Prepaid expenses and other current assets	35,262	38,202
Total current assets	414,710	556,690
Property and equipment, net	32,062	38,798
Right-of-use assets	43,577	43,123
Intangibles and other assets:		
Goodwill	422,313	405,017
Trademark	273,000	273,000
Customer relationships, net	120,677	124,047
Other non-current assets	20,888	21,175
Total assets	$ 1,327,227	$ 1,461,850
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 4,555	$ 5,248
Long-term debt - current	7,150	7,150
Income taxes payable	7,449	22,781
Accrued compensation	77,180	85,477
Deferred revenue	6,007	5,167
Value-added tax and sales tax payable	5,289	7,526
Accrued expenses	14,406	30,227
Lease liabilities, current	15,594	15,994
Total current liabilities	137,630	179,570
Lease liabilities, non-current	30,417	29,885
Long-term debt, less current portion	289,379	391,856
Deferred tax liabilities	54,224	62,555
Other long-term liabilities	21,849	19,762
Total liabilities	533,499	683,628
Commitments and contingencies		
Stockholders' equity:		
Convertible preferred stock, $0.001 par value; 100,000,000 shares authorized, zero issued and outstanding at June 30, 2023 and December 31, 2022, respectively	—	—
Common stock, $0.001 par value; 1,000,000,000 shares authorized, 368,253,048 and 366,306,970 issued, 317,647,945 and 315,681,987 outstanding at June 30, 2023 and December 31, 2022, respectively	368	366
Treasury stock, 50,605,103 and 50,624,983 shares at June 30, 2023 and December 31, 2022, respectively	(624,687)	(624,934)
Additional paid-in capital	1,601,559	1,565,514
Accumulated other comprehensive loss	(39,619)	(39,210)
Retained deficit	(143,893)	(123,514)
Total stockholders' equity	793,728	778,222
Total liabilities and stockholders' equity	$ 1,327,227	$ 1,461,850

The accompanying notes form an integral part of the condensed consolidated financial statements.

THOUGHTWORKS HOLDING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (unaudited)
(In thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenues	$ 287,215	$ 332,107	$ 594,271	$ 653,047
Operating expenses:				
Cost of revenues	196,338	250,462	405,860	500,227
Selling, general and administrative expenses	86,626	99,352	172,966	204,117
Depreciation and amortization	5,874	4,215	11,416	10,061
Total operating expenses	288,838	354,029	590,242	714,405
(Loss) income from operations	(1,623)	(21,922)	4,029	(61,358)
Other (expense) income:				
Interest expense	(6,150)	(4,984)	(13,012)	(9,631)
Net realized and unrealized foreign currency (loss) gain	(30)	(11,512)	1,155	(6,774)
Other income (expense), net	135	(413)	(588)	(325)
Total other (expense) income	(6,045)	(16,909)	(12,445)	(16,730)
Loss before income taxes	(7,668)	(38,831)	(8,416)	(78,088)
Income tax expense	4,604	477	11,963	4,805
Net loss	$ (12,272)	$ (39,308)	$ (20,379)	$ (82,893)
Other comprehensive (loss), net of tax:				
Foreign currency translation adjustments	(651)	(20,760)	(409)	(26,231)
Comprehensive loss	$ (12,923)	$ (60,068)	$ (20,788)	$ (109,124)
Net loss per common share:				
Basic loss per common share	$ (0.04)	$ (0.13)	$ (0.06)	$ (0.27)
Diluted loss per common share	$ (0.04)	$ (0.13)	$ (0.06)	$ (0.27)
Weighted average shares outstanding:				
Basic	317,341,907	310,575,050	316,899,214	308,394,443
Diluted	317,341,907	310,575,050	316,899,214	308,394,443

The accompanying notes form an integral part of the condensed consolidated financial statements.

THOUGHTWORKS HOLDING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)
(In thousands, except share data)

	Common Stock		Treasury		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2021	305,132,181	$ 356	50,985,571	$ (629,424)	$ 1,359,149	$ (10,844)	$ (17,280)	$ 701,957
Net loss	—	—	—	—	—	—	(43,585)	(43,585)
Other comprehensive loss, net of tax	—	—	—	—	—	(5,471)	—	(5,471)
Issuance of common stock for equity incentive awards, net of withholding taxes	4,736,820	5	—	—	(28,047)	—	—	(28,042)
Reissuance of treasury shares for equity incentive awards	155,806	—	(155,806)	1,940	(1,796)	—	—	144
Stock-based compensation expense	—	—	—	—	100,183	—	—	100,183
Cumulative effect related to adoption of ASU 2016-13	—	—	—	—	—	—	(841)	(841)
Balance as of March 31, 2022	310,024,807	$ 361	50,829,765	$ (627,484)	$ 1,429,489	$ (16,315)	$ (61,706)	$ 724,345
Net loss	—	—	—	—	—	—	(39,308)	(39,308)
Other comprehensive loss, net of tax	—	—	—	—	—	(20,760)	—	(20,760)
Issuance of common stock for equity incentive awards, net of withholding taxes	888,186	1	—	—	2,442	—	—	2,443
Reissuance of treasury shares for equity incentive awards	51,311	—	(51,311)	639	(496)	—	—	143
Stock-based compensation expense	—	—	—	—	68,965	—	—	68,965
Balance as of June 30, 2022	310,964,304	$ 362	50,778,454	$ (626,845)	$ 1,500,400	$ (37,075)	$ (101,014)	$ 735,828
Balance as of December 31, 2022	315,681,987	$ 366	50,624,983	$ (624,934)	$ 1,565,514	$ (39,210)	$ (123,514)	$ 778,222
Net loss	—	—	—	—	—	—	(8,107)	(8,107)
Other comprehensive income, net of tax	—	—	—	—	—	242	—	242
Issuance of common stock for equity incentive awards, net of withholding taxes	1,189,600	1	—	—	(180)	—	—	(179)
Reissuance of treasury shares for equity incentive awards	12,798	—	(12,798)	159	(159)	—	—	—
Stock-based compensation expense	—	—	—	—	17,679	—	—	17,679
Balance as of March 31, 2023	316,884,385	$ 367	50,612,185	$ (624,775)	$ 1,582,854	$ (38,968)	$ (131,621)	$ 787,857
Net loss	—	—	—	—	—	—	(12,272)	(12,272)
Other comprehensive loss, net of tax	—	—	—	—	—	(651)	—	(651)
Issuance of common stock for equity incentive awards, net of withholding taxes	756,478	1	—	—	1,187	—	—	1,188
Reissuance of treasury shares for equity incentive awards	7,082	—	(7,082)	88	(88)	—	—	—
Stock-based compensation expense	—	—	—	—	17,606	—	—	17,606
Balance as of June 30, 2023	317,647,945	$ 368	50,605,103	$ (624,687)	$ 1,601,559	$ (39,619)	$ (143,893)	$ 793,728

The accompanying notes form an integral part of the condensed consolidated financial statements.

THOUGHTWORKS HOLDING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(In thousands)

	Six Months Ended June 30, 2023 (as restated)	Six Months Ended June 30, 2022
Cash flows from operating activities:		
Net loss	$ (20,379)	$ (82,893)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	18,220	16,656
Bad debt expense	2,596	2,038
Deferred income tax benefit	(12,033)	(19,618)
Stock-based compensation expense	35,285	169,148
Unrealized foreign currency exchange (gain) loss	(735)	7,794
Non-cash lease expense on right-of-use assets	9,312	8,870
Other operating activities, net	2,018	1,134
Changes in operating assets and liabilities:		
Trade receivables	47,332	(20,069)
Unbilled receivables	(15,276)	(48,629)
Prepaid expenses and other assets	2,727	(2,690)
Lease liabilities	(9,495)	(6,951)
Accounts payable	(813)	1,699
Accrued expenses and other liabilities	(28,516)	(5,012)
Net cash provided by operating activities	30,243	21,477
Cash flows from investing activities:		
Purchase of property and equipment	(3,681)	(12,459)
Proceeds from disposal of fixed assets	221	267
Acquisitions, net of cash acquired	(15,989)	(65,410)
Net cash used in investing activities	(19,449)	(77,602)
Cash flows from financing activities:		
Payments of obligations of long-term debt	(103,575)	(3,575)
Payments of debt issuance costs	(99)	—
Proceeds from issuance of common stock on exercise of options, net of employee tax withholding	3,816	3,928
Withholding taxes paid on tender offer	—	(15,469)
Withholding taxes paid on dividends previously declared	—	(10,009)
Withholding taxes paid related to net share settlement of equity awards	(3,261)	(29,026)
Payment of contingent consideration	(13,996)	—
Other financing activities, net	80	(48)
Net cash used in financing activities	(117,035)	(54,199)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	178	(8,884)
Net decrease in cash, cash equivalents and restricted cash	(106,063)	(119,208)
Cash, cash equivalents and restricted cash at beginning of the period	195,564	394,942
Cash, cash equivalents and restricted cash at end of the period	$ 89,501	$ 275,734
Supplemental disclosure of cash flow information:		
Interest paid	$ 12,544	$ 8,987
Income taxes paid	$ 31,929	$ 10,554
Withholding taxes payable	$ (454)	$ —

THOUGHTWORKS HOLDING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(In thousands)

	Six Months Ended June 30,	
	2023	2022
	(as restated)	
Supplemental disclosures of non-cash financing activities:		
Withholding taxes payable included within accrued compensation	$ —	$ 219
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 88,151	$ 274,527
Restricted cash included in other non-current assets	1,350	1,207
Total cash, cash equivalents and restricted cash	$ 89,501	$ 275,734

The accompanying notes form an integral part of the condensed consolidated financial statements.

THOUGHTWORKS HOLDING, INC.
Notes to the Condensed Consolidated Financial Statements (Unaudited)

Note 1 – Business and Summary of Significant Accounting Policies

Thoughtworks Holding, Inc. (together with its subsidiaries, the "Company") develops, implements, and services complex enterprise application software, and provides business technology consulting. The Company conducts business in Australia, Brazil, Canada, Chile, China, Ecuador, Finland, Germany, Hong Kong, India, Italy, the Netherlands, Romania, Singapore, Spain, Thailand, the United Kingdom, the United States and Vietnam. Thoughtworks Holding, Inc. is the ultimate parent holding company of Thoughtworks, Inc. among other subsidiaries.

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of Thoughtworks Holding, Inc. and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's 2022 *Annual Report.*

Certain amounts in the prior period consolidated financial statements and notes have been reclassified to conform to the 2023 presentation. These reclassifications had no effect on results of operations previously reported.

Preparation of Financial Statements and Use of Estimates

The preparation of these condensed consolidated financial statements is in conformity with generally accepted accounting principles in the United States ("GAAP") and applicable rules and regulations of the SEC regarding interim financial reporting. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. On an ongoing basis, the Company evaluates its estimates, including those related to allowance for credit losses, valuation and impairment of goodwill and long-lived assets, income taxes, accrued bonus, contingencies, stock-based compensation and litigation costs. The Company bases its estimates on current expectations and historical experience and on other assumptions that its management believes are reasonable under the circumstances. These estimates form the basis for making judgments about the carrying value of assets and liabilities when those values are not readily apparent from other sources. Actual results can differ from those estimates, and such differences may be material to the condensed consolidated financial statements in the future. Operating results for interim periods are not necessarily indicative of results that may be expected to occur for the entire year. In management's opinion, all adjustments considered necessary for a fair presentation of the accompanying unaudited condensed consolidated financial statements have been included, and all adjustments are of a normal and recurring nature.

Restricted Cash

Restricted cash is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Restricted cash is restricted as to withdrawal or use. The Company has restricted cash held on deposit at various financial institutions. The amounts are held to secure bank guarantees of amounts related to government requirements and as collateral for a corporate credit card.

Allowance for Credit Losses

The Company analyzes its historical credit loss experience and considers current conditions and reasonable and supportable forecasts in developing the expected credit loss rates. Interest is not generally accrued on outstanding balances as the balances are considered short-term in nature.

Activity related to the Company's allowance for credit losses is as follows (in thousands):

		Six Months Ended June 30, 2023
Allowance for credit losses, beginning balance	$	(9,531)
Current provision for expected credit losses		(2,596)
Write-offs charged against allowance		4,648
Recoveries of amounts previously written off		(96)
Changes due to exchange rates		(340)
Allowance for credit losses, ending balance	$	(7,915)

Recently Adopted Accounting Standards

In October 2021, the FASB issued ASU 2021-08, which amends ASC 805 to require acquiring entities to apply ASU 2014-09, Revenue from Contracts with Customers (Topic 606), to recognize and measure contract assets and contract liabilities in a business combination. The guidance is effective for public entities for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Entities should apply the ASU's provisions prospectively to business combinations occurring on or after the effective date of the amendments. The Company adopted the standard in the first quarter of 2023. The adoption did not have a material impact on the Company's condensed consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides temporary optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions to ease the financial reporting burdens related to the expected market transition from London Interbank Offer Rate ("LIBOR") and other interbank offered rates to alternative reference rates. The optional amendments are effective as of March 12, 2020 through December 31, 2024, and upon adoption may be applied prospectively through December 31, 2024. The Company elected to utilize the temporary optional expedients in connection with the amendment of our credit agreement, which transitioned the Term Loan from LIBOR to the Secured Overnight Financing Rate ("SOFR") on May 18, 2023. Refer to-Note 8, *Credit Agreements*.

Concentration of Credit Risk and Other Risks and Uncertainties

Revenue generated from the Company's operations outside of the United States for the three months ended June 30, 2023 and 2022 was 66% and 62%, respectively, and 66% and 63% for the six months ended June 30, 2023 and 2022, respectively.

As of June 30, 2023 and December 31, 2022, 74% and 69%, respectively, of trade receivables and unbilled receivables was due from customers located outside the United States. At June 30, 2023 and December 31, 2022, the Company had net property and equipment of $23.8 million and $30.0 million, respectively, outside the United States.

Change in Accounting Principle - Stock-Based Compensation

In the fourth quarter of 2022, the Company changed its stock-based compensation policy for recognizing expense for graded vesting awards with only service conditions from the accelerated attribution method to the straight-line attribution method. The Company believes the straight-line attribution method for stock-based compensation expense for awards solely subject to time-based vesting conditions is the preferable accounting policy in accordance with ASC 250, Accounting Changes and Error Corrections, because it more accurately reflects how the award is earned over the service period and is the predominant method used in its industry. The Company applied the change retrospectively adjusting all periods presented resulting in an increase to net loss of $9.3 million and an increase to basic and diluted loss per share of $0.03 for the three months ended June 30, 2022 and a decrease to net loss of $7.0 million and a decrease to basic and diluted loss per share of $0.02 for the six months ended June 30, 2022.

Restatement of Condensed Consolidated Statement of Cash Flows

Subsequent to the issuance of the Company's interim condensed consolidated financial statements for the period ended June 30, 2023, management determined that there was a misstatement in its Condensed Consolidated Statement of Cash Flows (Unaudited) for the period ended June 30, 2023. The misstatement was due to an inaccurate presentation of the change in cash flows ascribed to operating and financing activities in the condensed consolidated statement of cash flows. The misstatement relates solely to the inaccurate classification of the payment of contingent consideration.

As disclosed in Note 3, *Acquisitions,* the Company made a payment of contingent consideration related to the acquisition of Connected Lab Inc. of $14.3 million. In the Original Filing, the Company included this payment in the operating activities section of the condensed consolidated statement of cash flows. Of the $14.3 million payment, $14.0 million reflects the fair value of the contingent consideration on the acquisition date and should have been included within the financing activities section, and not within the operating activities section, of the condensed consolidated statement of cash flows.

A summary of the impact on the condensed consolidated statements of cash flows is as follows for the six months ended June 30, 2023 (in thousands):

	Six Months Ended June 30, 2023		
	As reported	Adjustment	As restated
Cash flows from operating activities:			
Accrued expenses and other liabilities	$ (42,512)	$ 13,996	$ (28,516)
Net cash provided by operating activities	$ 16,247	$ 13,996	$ 30,243
Cash flows from financing activities:			
Payment of contingent consideration	$ —	$ (13,996)	$ (13,996)
Net cash used in financing activities	$ (103,039)	$ (13,996)	$ (117,035)

Note 2 – Revenue Recognition

The Company disaggregates revenues from contracts with customers by geographic customer location, industry vertical and revenue contract types. Geographic customer location is pertinent to understanding the Company's revenues, as the Company generates its revenues from providing professional services to customers in various regions across the world. The Company groups customers into one of five industry verticals. Revenue contract types are differentiated by the type of pricing structure for customer contracts, which is predominantly time-and-materials, but also includes fixed price contracts.

Disaggregation of Revenues

The following table presents the disaggregation of the Company’s revenues by customer location (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
North America (1)	$ 105,775	$ 131,486	$ 218,089	$ 253,435
APAC (2)	100,465	109,674	200,627	211,880
Europe (3)	70,182	76,603	153,232	159,529
LATAM	10,793	14,344	22,323	28,203
Total revenues	$ 287,215	$ 332,107	$ 594,271	$ 653,047

(1) For the three months ended June 30, 2023 and 2022, the United States represented 35.8%, or $102.7 million, and 37.2%, or $123.5 million, respectively, of the Company’s total revenues. For the six months ended June 30, 2023 and 2022, the United States represented 35.5%, or $211.1 million, and

36.5%, or $238.6 million, of the Company’s total revenues, respectively. Canadian operations were determined to be immaterial given revenue as a percentage of total North America revenues was less than 10% for the three and six months ended June 30, 2023 and 2022.

(2) For the three months ended June 30, 2023 and 2022, Australia represented 10.5%, or $30.3 million, and 12.0%, or $39.8 million, respectively, of the Company's total revenues. For the six months ended June 30, 2023 and 2022, Australia represented 10.0%, or $59.2 million, and 11.7%, or $76.1 million, of the Company's total revenues, respectively.

(3) For the three months ended June 30, 2023 and 2022, revenue in the United Kingdom as a percentage of the Company's total revenues was less than 10%. For the six months ended June 30, 2023 and 2022, the United Kingdom represented 10.0%, or $59.5 million, and 10.8%, or $70.3 million, respectively, of the Company’s total revenues. For the three months ended June 30, 2023, Germany represented 10.6%, or $30.5 million of the Company's total revenues. For the six months ended June 30, 2023, Germany represented 10.7%, or $63.3 million of the Company's total revenues. For the three and six months ended June 30, 2022, revenue in Germany as a percentage of the Company’s total revenues was less than 10%.

Other non-U.S. countries were determined to be immaterial given the revenues as a percentage of the Company’s total revenues was less than 10% for the three and six months ended June 30, 2023 and 2022.

The following table presents the disaggregation of the Company’s revenues by industry vertical (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Technology and business services	$ 69,695	$ 95,247	$ 143,828	$ 180,596
Energy, public and health services	75,313	76,605	159,352	153,715
Retail and consumer	44,485	62,628	92,397	125,063
Financial services and insurance	52,778	59,671	107,933	118,135
Automotive, travel and transportation	44,944	37,956	90,761	75,538
Total revenues	$ 287,215	$ 332,107	$ 594,271	$ 653,047

The following table presents the disaggregation of the Company’s revenues by contract type (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Time-and-material	$ 235,119	$ 275,932	$ 492,369	$ 547,295
Fixed-price	52,096	56,175	101,902	105,752
Total revenues	$ 287,215	$ 332,107	$ 594,271	$ 653,047

Contract Balances

The following table is a summary of the Company’s contract assets and contract liabilities (in thousands):

	As of June 30, 2023	As of December 31, 2022
Contract assets included in unbilled receivables	$ 39,548	$ 39,941
Contract liabilities included in deferred revenue	$ 6,007	$ 5,167

Contract assets primarily relate to unbilled amounts on fixed-price contracts. Contract assets are recorded when services have been provided but the Company does not have an unconditional right to receive consideration. Professional services performed on or prior to the balance sheet date, but invoiced thereafter, are reflected in unbilled receivables.

Contract liabilities represent amounts collected from the Company's customers for revenues not yet earned. Such amounts are anticipated to be recorded as revenues when services are performed in subsequent periods. For the three months ended June 30, 2023 and 2022, the Company recognized $0.8 million and $2.5 million, respectively, of revenues that were included in current liabilities at the prior year end. For the six months ended June 30, 2023 and 2022, the Company recognized $4.3 million and $12.6 million, respectively, of revenues that were included in current liabilities at the prior year end.

Costs to Obtain a Customer Contract

The Company incurs certain incremental costs to obtain a contract that the Company expects to recover. The Company applies a practical expedient and recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. These costs would primarily relate to commissions paid to our account executives and are included in selling, general and administrative ("SG&A") expenses.

The following table is a summary of the Company's costs to obtain contracts and related amortization and impairment where the amortization period of the assets is greater than one year (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Balance at beginning of period	$ 1,391	$ 1,814	$ 1,588	$ 2,039
Costs to obtain contracts capitalized	281	147	349	238
Amortization of capitalized costs	(859)	(310)	(1,127)	(625)
Changes due to exchange rates	12	(9)	15	(10)
Balance at end of period	$ 825	$ 1,642	$ 825	$ 1,642

Transaction Price Allocated to Remaining Performance Obligations

The Company does not have material future performance obligations that extend beyond one year. Accordingly, the Company has applied the optional exemption for contracts that have an original expected duration of one year or less.

Note 3 – Acquisitions

On February 1, 2023, the Company completed the acquisition of ITOC Pty Ltd ("Itoc"), a leading Amazon Web Services Advanced Consulting Partner and Cloud Managed Services Provider in Australia, in an all-cash transaction for a gross purchase price of $17.8 million, or $16.0 million net of cash acquired of $1.8 million. Itoc is now wholly owned by the Company. The acquisition expands Thoughtworks' capabilities to help modernize and place digital at the center of client operations as they transition to the cloud.

The Company accounted for the acquisition under ASC 805, *Business Combinations*. The goodwill recognized in connection with the acquisition reflects the benefits expected to be derived from certain operational synergies. The fair value of the net assets acquired for the business was determined using Level 3 inputs, for which little or no market data exists, requiring the Company to develop assumptions regarding future cash flow projections. The results of operations of the acquired business have been included in the condensed consolidated statements of loss and comprehensive loss from the acquisition date. Pro forma results of operations for the acquisition are not presented because the pro forma effects were not material to the Company's consolidated results of operations.

Aggregate acquisition-related costs related to Itoc of $1.4 million and $2.5 million for the three and six months ended June 30, 2023 were included within SG&A expenses in the condensed consolidated statements of loss and comprehensive loss.

The Company's preliminary allocation of the fair value of underlying assets acquired and liabilities assumed as of the acquisition date is as follows (in thousands):

	Total
Cash and cash equivalents	$ 1,788
Trade receivables, net of allowance	1,251
Customer relationships, net (1)	3,500
Goodwill	13,766
Accounts payable	(110)
Accrued compensation	(363)
Accrued expenses	(927)
Deferred revenue	(235)
Income taxes payable	(178)
Lease liabilities, current	(173)
Deferred tax liabilities	(1,050)
Other assets/liabilities, net	508
Total gross purchase price	$ 17,777

(1) The weighted average amortization period is four years.

Goodwill represents the excess of the purchase price over the fair values of assets acquired and liabilities assumed. The changes in fair value allocated to goodwill, tangible and intangible assets are not deductible for tax purposes.

As additional information is obtained about the assets and liabilities of the acquisition during the measurement period (not to exceed one year from the date of acquisition), including the completion or finalization of asset appraisals, the Company will refine its estimates of fair value to allocate the purchase price including finalizing the impact on taxes.

In connection with the acquisition of Connected Lab Inc. ("Connected") in the second quarter of 2022, the Company recorded a liability of $14.0 million of contingent consideration, which is included within the total purchase price and classified within accrued expenses in the condensed consolidated balance sheet. The present value of the contingent consideration liability was determined using a Monte Carlo Simulation that calculated the average present value of the earnout payment. The fair value measurement of the earnout includes a performance metric which is an unobservable Level 3 input. The contingent consideration is payable in cash dependent upon achievement of the performance metric. The liability was remeasured to fair value at each reporting date with adjustments recorded within other income (expense), net in the condensed consolidated statements of loss and comprehensive loss, and the final payout amount of $14.3 million was paid on May 4, 2023.

The following table presents the change in the contingent consideration liability (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Balance at beginning of period	$ 14,267	$ —	$ 14,255	$ —
Additions in the period	—	13,996	—	13,996
Payments in the period	(14,344)	—	(14,344)	—
Change in fair value	129	528	129	528
Change due to exchange rates	(52)	(142)	(40)	(142)
Balance at end of period	$ —	$ 14,382	$ —	$ 14,382

Note 4 – Goodwill and Other Intangible Assets

The following is a summary of the changes in the carrying value of goodwill (in thousands):

	Total
Balance as of December 31, 2022	$ 405,017
Additions due to acquisitions	13,766
Changes due to exchange rates	3,530
Balance as of June 30, 2023	$ 422,313

The following is a summary of other intangible assets (in thousands):

	June 30, 2023	December 31, 2022
Customer relationships	$ 196,947	$ 193,447
Less accumulated amortization	(66,618)	(59,369)
Customer relationships, net	130,329	134,078
Trademark	273,000	273,000
Total other intangible assets, after amortization	403,329	407,078
Changes due to exchange rates	(9,652)	(10,031)
Other intangible assets, net	$ 393,677	$ 397,047

Other than indefinite-lived trademarks, the Company's intangible assets have finite lives and, as such, are subject to amortization. Amortization expense related to these intangible assets was $3.7 million and $3.3 million for the three months ended June 30, 2023 and 2022, respectively, and $7.3 million and $6.3 million for the six months ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, estimated amortization expense for the next five years and thereafter is as follows (in thousands):

Remainder of 2023	$ 7,755
2024	15,510
2025	15,510
2026	15,510
2027	14,708
Thereafter	61,336
	$ 130,329

The weighted average remaining useful life of the Company's finite-lived intangible assets was 8.6 years as of June 30, 2023 and 9.2 years as of December 31, 2022.

Note 5 – Income Taxes

Prior to the Company's initial public offering ("IPO") in September 2021, the Company calculated the provision for income taxes during interim reporting periods by applying an estimate of the effective tax rate for the full year to the pre-tax income or loss for the interim period, adjusting the provision for discrete tax items recorded in the period. Upon the IPO, due to the magnitude of transaction related stock-based compensation costs, the Company's forecasted pre-tax income for the year is causing the tax rate to be highly sensitive, whereby minor changes in forecasted pre-tax income generate significant variability in the estimated annual effective tax rate. This is impacting the customary relationship between income tax expense and pre-tax income in interim periods. Beginning in the third quarter of 2021, the Company concluded that it could not calculate a reliable estimate of the annual effective tax rate due to the range of potential impacts for the aforementioned forecast changes. Accordingly, the Company computed the effective tax rate for the six-month period ended June 30, 2023 using actual results, as allowed by ASC 740-270-30-18, Income Taxes-Interim Reporting.

The Company's effective tax rate for the three months ended June 30, 2023 and June 30, 2022 was (60.0)% and (1.2)%, respectively, and (142.1)% and (6.2)% for the six months ended June 30, 2023 and June 30, 2022, respectively. The effective tax rate in each period differed from the U.S. statutory rate of 21% primarily due to U.S. corporate state income taxation and the effect of foreign operations, which reflects the impact of higher income tax rates in locations outside the United States, the unfavorable impact of valuation allowances on deferred tax assets of select foreign operations, the non-deductibility of China SAFE restricted stock units ("RSUs"), the unfavorable impact of capitalized research and experimental costs under Internal Revenue Code ("IRC") §174 increasing the Company's net global intangible low tax income ("GILTI") inclusion, impacted by excess tax deficiencies unfavorably and excess tax benefits favorably on stock-based compensation for the three and six months ended June 30, 2023 and June 30, 2022, respectively, and the unfavorable impact of providing for and settling of uncertain income tax positions for the three and six months ended June 30, 2023. The change in the effective tax rate for the three and six months ended June 30, 2023, as compared to the prior periods, and the negative effective tax rate for the three and six months ended June 30, 2023 and June 30, 2022 is a result of the aforementioned unique net unfavorable items when compared to the pre-tax loss recorded for the respective periods.

Note 6 – Loss Per Share

The components of basic and diluted loss per share are as follows (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Numerator:				
Net loss	$ (12,272)	$ (39,308)	$ (20,379)	$ (82,893)
Denominator:				
Weighted average shares outstanding – Basic and diluted	317,341,907	310,575,050	316,899,214	308,394,443
Basic and diluted loss per share	$ (0.04)	$ (0.13)	$ (0.06)	$ (0.27)

The following potentially dilutive securities were excluded from the computation of diluted loss per share because the impact of including them would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Employee stock options, RSUs and performance stock units ("PSUs")	17,170,149	24,376,880	19,018,901	25,847,639

Note 7 – Stock-Based Compensation

The following is a summary of the components of stock-based compensation expense for the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cost of revenues	$ 10,696	$ 49,573	$ 21,226	$ 119,482
Selling, general and administrative expenses	6,910	19,392	14,059	49,666
Total stock-based compensation expense	$ 17,606	$ 68,965	$ 35,285	$ 169,148

Stock Options

The following is a summary of performance and time vesting stock option activity for the six months ended June 30, 2023 (in thousands, except share and per share data):

	Number of Stock Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Term (years)
Balance at December 31, 2022	21,607,562	$ 3.83		
Granted	—	—		
Forfeited	(217,638)	11.85		
Exercised	(1,308,049)	2.92		
Cancelled	—	—		
Expired	—	—		
Balance at June 30, 2023	20,081,875	$ 3.81	$ 87,637	5.1
Exercisable at June 30, 2023	19,392,211	$ 3.58	$ 86,927	5

As of June 30, 2023, total compensation cost related to time vesting options not yet recognized was $5.1 million, which will be recognized over a weighted-average period of 1.6 years. Unless otherwise prohibited by law in local jurisdictions, time vesting options will continue to vest according to the 2017 Stock Option Plan (the "2017 Plan") and the applicable award agreements.

Restricted Stock Units

The following is a summary of RSU activity for the six months ended June 30, 2023:

	Number of RSUs	Weighted Average Grant Date Fair Value
Unvested balance at December 31, 2022	13,013,946	$ 17.37
Granted	337,699	8.17
Forfeited	(855,232)	17.88
Vested (1)	(955,725)	21.93
Unvested balance at June 30, 2023	11,540,688	$ 16.69

(1) Includes 0.3 million shares that were net settled when released and returned to the share pool for future grants.

As of June 30, 2023, total compensation cost related to RSUs not yet recognized was $112.7 million, of which $93.0 million is primarily related to the annual grant and considered recurring. The remainder of $19.7 million is IPO related or associated with one-time grants and considered non-recurring. The total unamortized expense is anticipated to be recognized over a weighted-average period of 2.4 years.

Performance Stock Units

The following is a summary of PSU activity for the six months ended June 30, 2023:

	Number of PSUs	Weighted Average Grant Date Fair Value
Unvested balance at December 31, 2022	76,697	$ 20.11
Granted (1)	737,483	8.44
Adjustment for PSUs expected to vest as of current period end	(725,341)	8.25
Forfeited	—	—
Vested	—	—
Unvested balance at June 30, 2023	88,839	$ 20.11

(1) Reflects shares granted at 100%.

For compensation expense purposes, the fair value of the non-market-based PSUs was determined using the closing stock price on the grant date and the fair value for the market-based PSUs was determined using a Monte-Carlo simulation.

As of June 30, 2023, total compensation cost related to PSUs not yet recognized was $6.0 million. The unamortized expense is anticipated to be recognized over a weighted-average period of 2.2 years.

Note 8 – Credit Agreements

Our subsidiaries are party to an amended and restated credit agreement, dated December 9, 2022 (as amended, the “Credit Agreement”), among Thoughtworks, Inc., Turing Acquisition LLC and Turing Midco LLC, Turing Topco LLC (“Holdings”), Credit Suisse AG, Cayman Islands Branch, as administrative agent, the lenders party thereto and the other parties from time-to-time party thereto, which provides for a senior secured term loan (the "Term Loan") of $715.0 million and a senior secured revolving credit facility (the "Revolver") of $300.0 million.

On February 24, 2023, the Company made a voluntary prepayment of $100.0 million on outstanding amounts owed on the Term Loan. As a result of the prepayment, the Company wrote off $0.9 million of deferred financing fees, which is reflected in other (expense) income, net in the condensed consolidated statements of loss and comprehensive loss for the six months ended June 30, 2023.

On May 18, 2023, the Company amended and restated its credit agreement (the “Third Amendment and Restatement”) to transition the reference rate for the Term Loan borrowings under the Credit Agreement from LIBOR to SOFR.

The following table presents the Company's outstanding debt and borrowing capacity (in thousands, except percentages):

	June 30, 2023	December 31, 2022
Availability under Revolver (due March 26, 2026)	$ 300,000	$ 300,000
Borrowings under Revolver	$ —	$ —
Long-term debt (due March 24, 2028), including current portion (1)	$ 296,529	$ 399,006
Interest rate	7.7 %	6.9 %

(1) The balance includes deferred financing fees. A reconciliation of gross to net amounts is presented below.

The following table presents the carrying value of the Company’s credit facilities (including current maturities) (in thousands):

	June 30, 2023	December 31, 2022
Long-term debt, less current portion	$ 291,763	$ 395,338
Capitalized deferred financing fees	(2,384)	(3,482)
Long-term debt	289,379	391,856
Current portion of long-term debt	7,150	7,150
Total debt carrying value	$ 296,529	$ 399,006

The Company estimates the fair value of the Term Loan using current market yields. These current market yields are considered Level 2 inputs. The book value of the Company’s credit facilities is considered to approximate its fair value as of June 30, 2023 as the interest rates are considered in line with current market rates. The fair value of the Term Loan was $392.0 million as of December 31, 2022.

Note 9 – Accrued Expenses

The following is a summary of the Company’s accrued expenses (in thousands):

	June 30, 2023	December 31, 2022
Accrued interest expense	$ 194	$ 221
Accrued employee expense	1,393	2,016
Accrued travel expense	566	281
Operating lease expenses	406	425
Insurance charges	243	198
Professional fees	5,681	6,321
Withholding taxes payable	178	43
Other taxes payable	896	1,815
Rebates payable	1,116	1,168
Contingent consideration	—	14,255
Other accrued expenses	3,733	3,484
Accrued expenses	$ 14,406	$ 30,227

Note 10 – Subsequent Events

Restructuring Actions

On August 8, 2023, the Company announced that its Board of Directors approved and committed to a structural reorganization (the "Reorganization") on August 7, 2023 that will (i) move its operational functions from a geographic to a centralized model, (ii) create a new organizational home for the majority of its client facing workforce, our Digital Engineering Center, and (iii) evolve its regional market structure. Centralizing operations globally is expected to reduce overall costs, better align its resources to strategic priorities, right-size its operations, and increase operational efficiencies. The new Digital Engineering Center will provide supply across the regional markets and is expected to allow the Company to optimize resource allocation globally to better align to clients’ needs. Finally, these changes will enable its regional markets to have a more client and industry-based go-to-market focus while continuing to fund its investments in demand generation.

The majority of the actions will be taken in the third quarter of 2023 and are expected to be completed within the next twelve months. The actions are expected to impact approximately 5% to 6% of our employee headcount globally.

Thoughtworks expects to incur total pre-tax cash charges of approximately $20 million to $25 million (the “Total Charges”), of which approximately $18 million to $20 million are expected to be recognized in 2023. The Total Charges include $18 million to $22 million in wage-related expenses, such as employee severance and related benefits, and $2 million to $3 million in non-wage related expenses, including costs related to reducing leased office space, vendor contract cancellations and professional fees.

Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and the related notes included in our 2022 Annual Report. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should read the sections titled “Risk Factors” in our 2022 Annual Report and in this Quarterly Report on Form 10-Q and “Forward-Looking Statements” herein for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Quarterly results reflected herein are not necessarily indicative of our operating results for a full year or any future period.

Certain items within this management's discussion and analysis of financial condition and results of operations have been updated as a result of the amendment and restatement of this Quarterly Report on Form 10-Q/A as described in further detail in the “Explanatory Note” at the beginning of this Form 10-Q/A. For additional information regarding the restatement, see Note 1, Business and Summary of Significant Accounting Policies in the Notes to the Condensed Consolidated Financial Statements (Unaudited) of this Form 10-Q/A and Part I, Item 4 “Controls and Procedures.”

Overview

We are a global technology consultancy that integrates strategy, design and engineering to drive digital innovation. We are 11,574 Thoughtworkers strong across 51 offices in 18 countries. For 30 years, we have delivered extraordinary impact together with our clients by helping them solve complex business problems with technology as the differentiator.

Our revenues are generated from providing professional services based on the mix and locations of delivery professionals involved, the pricing structure, which is predominantly time-and-materials, and the type of services, including: enterprise modernization, platforms & cloud; customer experience, product & design; data & artificial intelligence; digital application management & operations; and digital transformation & operations.

Key Operational and Business Metrics

In addition to the measures presented in our condensed consolidated financial statements, we use the following key operational and business metrics to evaluate our business, measure our performance, develop financial forecasts and make strategic decisions (in thousands, except percentages):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenues	$ 287,215	$ 332,107	$ 594,271	$ 653,047
Revenue Growth Rate as reported (1)	(13.5)%	27.5 %	(9.0)%	31.1 %
Revenue Growth Rate at constant currency (1)	(12.5)%	33.5 %	(6.9)%	35.7 %
Net loss	$ (12,272)	$ (39,308)	$ (20,379)	$ (82,893)
Net loss margin	(4.3)%	(11.8)%	(3.4)%	(12.7)%
Adjusted Net Income (2)	$ 10,105	$ 37,008	$ 20,172	$ 81,000
Adjusted EBITDA (3)	$ 29,300	$ 58,517	$ 64,200	$ 131,389
Adjusted EBITDA Margin (3)	10.2 %	17.6 %	10.8 %	20.1 %

(1) Certain of our subsidiaries use functional currencies other than the U.S. dollar and the translation of these foreign currency amounts into the U.S. dollar can impact the comparability of our revenues between periods. Accordingly, we use Revenue Growth Rate at constant currency as an important indicator of our

underlying performance. Revenue Growth Rate at constant currency is a Non-GAAP measure and is calculated by applying the average exchange rates in effect during the earlier comparative fiscal period to the later fiscal period.

(2) We use Adjusted Net Income as an important indicator of our performance. See “—Non-GAAP Financial Measures” below for a definition of and reconciliation of Adjusted Net Income to net (loss) income, the most directly comparable GAAP measure, how we use this measure and an explanation of why we consider this non-GAAP measure to be helpful for investors.

(3) We also use Adjusted EBITDA and Adjusted EBITDA Margin as important indicators of our performance. See “—Non-GAAP Financial Measures” below for a definition of and a reconciliation of Adjusted EBITDA to net (loss) income, the most directly comparable GAAP measure, how we use Adjusted EBITDA and Adjusted EBITDA Margin and an explanation of why we consider these non-GAAP measures to be helpful for investors.

Revenue Growth Rate and Revenue Growth Rate at constant currency

For the three and six months ended June 30, 2023, revenues decreased 13.5% and 9.0%, respectively. The decrease in revenue was due to the continued impact of the macroeconomic environment, particularly in the IT services market, combined with slower pipeline conversion, incremental start ups, and client budget caution, which caused lower revenue actualization in our client cohort for the three and six months ended June 30, 2023. Acquisitions completed in the last twelve months contributed approximately 1% and 2% to the revenue growth rate for the three and six months ended June 30, 2023, respectively. Had our consolidated revenues been expressed in constant currency terms using the exchange rates in effect for the three and six months ended June 30, 2022, we would have reported a decrease in revenues of 12.5% and 6.9%, respectively. The negative impact to revenues from foreign currencies was due to the appreciation of the U.S. dollar relative to certain principal functional currencies of our subsidiaries.

For more detail regarding our exposure to foreign currency rate fluctuations, see Note 2, *Revenue Recognition*, to our condensed consolidated financial statements and “Item 3. Quantitative and Qualitative Disclosures About Market Risk.”

Net Loss, Net Loss Margin and Adjusted Net Income

For the three months ended June 30, 2023, the $27.0 million decrease in net loss and 7.5 percentage point decrease in net loss margin as compared to the three months ended June 30, 2022 were driven by decreased stock-based compensation expense of $51.4 million, which includes a decrease of $54.0 million of nonrecurring expense mainly related to option and RSU expense from the IPO, offset by an increase of $2.6 million of recurring RSU expense primarily related to the annual grant, a decrease in payroll expense (excluding stock-based compensation) of $12.0 million resulting from a lower professional service headcount and lower bonus accruals for 2023, offset by a $44.9 million decrease in revenue, as discussed above, and a $4.1 million increase in income tax expense.

For the three months ended June 30, 2023, the decrease in Adjusted Net Income as compared to the three months ended June 30, 2022 of $26.9 million, or 72.7%, was primarily due to a decrease in revenue of $44.9 million, offset by a decrease in payroll expense (excluding stock-based compensation) of $12.3 million.

For the six months ended June 30, 2023, the $62.5 million decrease in net loss and 9.3 percentage point decrease in net loss margin as compared to the six months ended June 30, 2022 were driven by decreased stock-based compensation expense of $133.9 million, which includes a decrease of $139.6 million of nonrecurring RSU expense mainly related to option and RSU expense from the IPO, offset by an increase of $5.7 million of recurring RSU expense primarily related to the annual grant, an increase in payroll expense (excluding stock-based compensation) of $7.2 million, which includes severance expense and a $58.8 million decrease in revenue. For more information, see “—Results of Operations.” We consider net loss margin as the most directly comparable GAAP measure to Adjusted EBITDA Margin.

For the six months ended June 30, 2023, the decrease in Adjusted Net Income as compared to the six months ended June 30, 2022 of $60.8 million, or 75.1%, was primarily due to a decrease in revenue of $58.8 million, and increased payroll expense (excluding stock-based compensation) of $10.3 million, which includes severance expense, partially offset by a decrease in professional fees of $4.5 million.

Adjusted EBITDA and Adjusted EBITDA Margin

For the three months ended June 30, 2023, the decrease in Adjusted EBITDA as compared to the three months ended June 30, 2022 of $29.2 million, or 49.9%, and the decrease in Adjusted EBITDA Margin as compared to the three months ended June 30, 2022 was primarily due to a decrease in revenue due to lower revenue actualization in our top 50 client cohort as discussed above, lower utilization, and onshore/offshore mix.

For the six months ended June 30, 2023, the decrease in Adjusted EBITDA as compared to the six months ended June 30, 2022 of $67.2 million, or 51.1%, and the decrease in Adjusted EBITDA Margin as compared to the six months ended June 30, 2022 was primarily due to a decrease in revenue due to lower revenue actualization in our top 50 client cohort as discussed above and lower utilization.

Results of Operations

The following table sets forth a summary of our condensed consolidated results of operations for the periods indicated (in thousands, except percentages):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues	$ 287,215	$ 332,107	$ 594,271	$ 653,047
Operating expenses:				
Cost of revenues (1)	196,338	250,462	405,860	500,227
Selling, general and administrative expenses (1)	86,626	99,352	172,966	204,117
Depreciation and amortization	5,874	4,215	11,416	10,061
(Loss) income from operations	(1,623)	(21,922)	4,029	(61,358)
Other (expense) income:				
Interest expense	(6,150)	(4,984)	(13,012)	(9,631)
Net realized and unrealized foreign currency (loss) gain	(30)	(11,512)	1,155	(6,774)
Other income (expense), net	135	(413)	(588)	(325)
Total other (expense) income	(6,045)	(16,909)	(12,445)	(16,730)
Loss before income taxes	(7,668)	(38,831)	(8,416)	(78,088)
Income tax expense	4,604	477	11,963	4,805
Net loss	$ (12,272)	$ (39,308)	$ (20,379)	$ (82,893)
Effective tax rate	(60.0)%	(1.2)%	(142.1)%	(6.2)%

(1) Includes stock-based compensation as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cost of revenues	$ 10,696	$ 49,573	$ 21,226	$ 119,482
Selling, general and administrative expenses	6,910	19,392	14,059	49,666
Total stock-based compensation expense	$ 17,606	$ 68,965	$ 35,285	$ 169,148

Summary Comparison of the Three and Six Months Ended June 30, 2023 with the Three and Six Months Ended June 30, 2022

Revenues

We have a global footprint with the ability to deliver services from multiple geographic regions. While we continue to derive a substantial part of our overall revenues from existing clients, we maintain relatively low client concentration among our largest clients. We remain focused on acquiring new clients through programs designed to generate new business demand and position us as a trusted partner, and we have dedicated new business teams working with marketing using data-driven approaches to focus on client acquisition efforts.

The following table presents our number of clients, number of clients generating greater than $10 million in revenues and net dollar retention rate:

	Trailing twelve months ended	
	June 30, 2023	June 30, 2022
Number of clients (1)	452	395
Number of clients generating greater than $10 million in revenues	35	33
Net dollar retention rate (2)	100%	124%

(1) We define clients as those with spend in excess of $25,000 within the preceding twelve months.
(2) The decrease was driven by slower pipeline conversion, incremental start ups, and client budget caution, due to the continued impact of the macroeconomic environment and pressures on client behavior across all regions, and particularly in our retail and consumer and technology and business services verticals.

The following table presents the percentage of revenues from new and existing clients:

	Three Months Ended June 30,		Six Months Ended June 30,		Trailing twelve months ended June 30,	
	2023	2022	2023	2022	2023	2022
Existing clients (1)	94.2%	88.9%	95.8%	92.1%	91.8%	86.5%
New clients	5.8%	11.1%	4.2%	7.9%	8.2%	13.5%

(1) For the three and six months ended June 30, 2023 and 2022, we define existing clients as clients for whom we have done work and generated revenues in excess of $25,000 within the preceding fiscal year. For the trailing twelve months ended June 30, 2023 and 2022, we define existing clients as clients for whom we have done work and generated revenues in excess of $25,000 within the preceding twelve months.

During the three months ended June 30, 2023, we contracted with 29 new logos with a higher concentration within the technology and business services, energy, public and health services and financial services and insurance industry verticals.

Revenues by Industry Vertical

The following table presents our revenues by industry vertical and revenues as a percentage of total revenues by industry vertical for the periods indicated (in thousands, except percentages):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
Technology and business services	$69,695	24.3%	$95,247	28.6%	$143,828	24.2%	$180,596	27.6%
Energy, public and health services	75,313	26.2%	76,605	23.1%	159,352	26.8%	153,715	23.5%
Retail and consumer	44,485	15.5%	62,628	18.9%	92,397	15.5%	125,063	19.2%
Financial services and insurance	52,778	18.4%	59,671	18.0%	107,933	18.2%	118,135	18.1%
Automotive, travel and transportation	44,944	15.6%	37,956	11.4%	90,761	15.3%	75,538	11.6%
Total revenues	$287,215	100.0%	$332,107	100.0%	$594,271	100.0%	$653,047	100.0%

During the three months ended June 30, 2023, we saw a decrease in revenue in the retail and consumer, technology and business services, financial services and insurance, and energy, public and health services industry verticals of (29.0)%, (26.8)%, (11.6)%, and (1.7)%, respectively, compared to the three months ended June 30, 2022. During the six months ended June 30, 2023, we saw a decrease in revenue in the retail and consumer, technology and business services and financial services and insurance industry verticals of (26.1)%, (20.4)%, and (8.6)%, respectively, compared to the six months ended June 30, 2022. The decreases in these verticals were driven by slower pipeline conversion, incremental start ups, and client budget caution as discussed above.

During the three months ended June 30, 2023, the automotive, travel and transportation industry vertical grew by 18.4%, compared to the three months ended June 30, 2022. During the six months ended June 30, 2023, the automotive, travel and transportation and the energy, public and health services industry verticals grew by 20.2% and 3.7%, respectively, compared to the six months ended June 30, 2022. Revenue growth in the automotive, travel and transportation vertical was driven by enterprise modernization, platforms and cloud, and the energy, public and health services industry vertical was driven by data & artificial intelligence.

Revenues by Customer Location

Our revenues are sourced from four geographic markets: North America, Asia-Pacific region ("APAC"), Europe and Latin America ("LATAM"). We present and discuss our revenues by the geographic location where the revenues are under client contract; however, the delivery of those client contracts could be supported by offshore delivery locations.

The following table presents our revenues by customer location and revenues as a percentage of total revenues by customer location for the periods indicated (in thousands, except percentages):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
North America	$105,775	36.8%	$131,486	39.6%	$218,089	36.7%	$253,435	38.8%
APAC	100,465	35.0%	109,674	33.0%	200,627	33.8%	211,880	32.5%
Europe	70,182	24.4%	76,603	23.1%	153,232	25.8%	159,529	24.4%
LATAM	10,793	3.8%	14,344	4.3%	22,323	3.7%	28,203	4.3%
Total revenues	$287,215	100.0%	$332,107	100.0%	$594,271	100.0%	$653,047	100.0%

For the three and six months ended June 30, 2023, we had a decrease in revenue of (19.6)% and (13.9)%, respectively, in North America, with the United States contributing revenues of $102.7 million and $211.1 million, respectively, compared to $123.5 million and $238.6 million, respectively, for the same periods in 2022. The largest revenue concentration came from the energy, public and health services vertical followed by the technology and business services industry vertical.

For the three and six months ended June 30, 2023, we had a decrease in revenue of (8.4)% and (5.3)%, respectively, in APAC where the top revenue contributing customer location country was Australia with revenues of $30.3 million and $59.2 million, respectively, compared to $39.8 million and $76.1 million, respectively, for the same periods in 2022. The largest revenue concentration came from the financial services and insurance industry vertical.

For the three and six months ended June 30, 2023, we had a decrease in revenue of (8.4)% and (3.9)% in Europe where the top revenue contributing customer location country was the Germany with revenues of $30.5 million and $63.3 million compared to $30.3 million and $62.1 million for the same periods in 2022. The largest revenue concentration came from our automotive, travel and transportation industry vertical.

For the three and six months ended June 30, 2023, we had a decrease in revenue of (24.8)% and (20.8)%, respectively, in LATAM, compared to the same periods in 2022 with Brazil being our largest customer location. The largest revenue concentration came from our financial services and insurance vertical.

Revenues by Client Concentration

We have long-standing relationships with many of our clients. We seek to grow revenues from our existing clients by continually increasing the value we provide and expanding the scope and size of our engagements. Revenues derived from these clients may fluctuate as these accounts mature or upon beginning or completing multi-year projects. We believe there is significant potential for future growth as we expand our capabilities and offerings within existing clients. In addition, we remain committed to diversifying our client base and adding new clients to our client mix.

The following table presents revenues contributed by our largest clients by amount and as a percentage of total revenues for the periods indicated (in thousands, except percentages):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
Top five clients	$52,089	18.1%	$50,749	15.3%	$101,284	17.0%	$98,869	15.1%
Top ten clients	$79,072	27.5%	$83,769	25.2%	$159,920	26.9%	$166,504	25.5%
Top fifty clients	$192,702	67.1%	$219,541	66.1%	$397,738	66.9%	$428,385	65.6%

People Metrics

Number of employees		Average revenue per employee (1)				Trailing Twelve Months Voluntary Attrition	
As of		Six Months Ended		Annualized as of		As of	
June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
11,574	12,120	$50,000	$58,000	$100,000	$116,000	12.6%	12.9%

(1) We define average revenue per employee as total revenues for the period divided by the average number of employees in such period.

The decrease in average revenue per employee compared to the six months ended June 30, 2022 was driven by the negative impact from client budget caution and onshore/offshore mix. We believe our relatively flat voluntary attrition and thus stable employee retention was due to our unique, cultivating culture, our focus on career development, our intensive training programs and our interesting work opportunities.

Bookings

We use Bookings ("Bookings") as a forward-looking metric that measures the value of new contracts, renewals, extensions and changes to existing contracts during the fiscal period. We believe Bookings provides a broad measure of useful trend information regarding changes in the volume of our business. We use Bookings to evaluate the results of our operations, generate future operating plans and assess the performance of our company. However, Bookings can vary significantly quarter to quarter due to both timing and demand from our clients and thus the conversion of Bookings to revenues is uncertain. The amount of Bookings involves estimates and judgments and is not a reliable predictor of revenues over time. There is no standard definition or measurement of Bookings thus our methodology may not be comparable to other companies. Bookings were $1.5 billion and $1.5 billion for the trailing twelve months ended June 30, 2023 and 2022, respectively.

Cost of Revenues

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	% Change	2023	2022	% Change
(in thousands, except percentages)						
Cost of revenues	$196,338	$250,462	(21.6)%	$405,860	$500,227	(18.9)%

During the three and six months ended June 30, 2023, cost of revenues (including stock-based compensation) decreased (21.6)% and (18.9)%, respectively, compared to the three and six months ended June 30, 2022. The decreases were primarily driven by a decrease in stock-based compensation expense of $38.9 million and $98.3 million, respectively.

Gross Profit and Gross Margin

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	% Change	2023	2022	% Change
(in thousands, except percentages)						
Gross profit	$90,877	$81,645	11.3%	$188,411	$152,820	23.3%
Gross margin	31.6%	24.6%		31.7%	23.4%	

Our gross margin increased by 7.0 percentage points for the three months ended June 30, 2023 compared to the three months ended June 30, 2022 and 8.3 percentage points for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 primarily due to decreases in stock-based compensation of $38.9 million and $98.3 million, respectively.

SG&A Expenses and SG&A Margin

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	% Change	2023	2022	% Change
(in thousands, except percentages)						
SG&A expenses	$86,626	$99,352	(12.8)%	$172,966	$204,117	(15.3)%
SG&A margin	30.2%	29.9%		29.1%	31.3%	

For the three months ended June 30, 2023, SG&A expenses decreased 12.8% compared to the three months ended June 30, 2022. The decrease was primarily due to a decrease in stock-based compensation expense of $12.5 million. The increase in SG&A margin for the three months ended June 30, 2023 compared to the three months ended June 30, 2022 was primarily driven by decreased stock-based compensation expense as noted above.

For the six months ended June 30, 2023, SG&A expenses decreased 15.3% compared to the six months ended June 30, 2022. SG&A expenses for the six months ended June 30, 2023 includes severance expense. The decrease was driven by a decrease in stock-based compensation expense of $35.6 million. The decrease in SG&A margin for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was driven by decreased stock-based compensation expense as noted above.

Depreciation and Amortization

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	% Change	2023	2022	% Change
(in thousands, except percentages)						
Depreciation and amortization	$5,874	$4,215	39.4%	$11,416	$10,061	13.5%

The increase for the three and six months ended June 30, 2023 as compared to the three and six months ended June 30, 2022 was primarily due to an increase in intangible amortization related to acquisitions.

(Loss) Income from Operations and (Loss) Income from Operations Margin

	Three Months Ended June 30,			Six Months Ended June 30,		
(in thousands, except percentages)	2023	2022	% Change	2023	2022	% Change
(Loss) income from operations	$(1,623)	$(21,922)	(92.6)%	$4,029	$(61,358)	(106.6)%
(Loss) income from operations margin	(0.6)%	(6.6)%		0.7%	(9.4)%	

The increase in loss from operations for the three months ended June 30, 2023 and the increase in income from operations for the six months ended June 30, 2023 compared to the three and six months ended June 30, 2022 was primarily driven by a decrease in stock-based compensation expense of $51.4 million and $133.9 million, as previously discussed, which includes $46.7 million for the six months ended June 30, 2023 related to the approval of China SAFE during the first quarter of 2022, partially offset by lower utilization, an increase in payroll expense (excluding stock-based compensation) of $7.2 million, for the six months ended June 30, 2023, which includes severance expense, and a decrease in revenues of $44.9 million and $58.8 million, respectively.

Interest Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	% Change	2023	2022	% Change
(in thousands, except percentages)						
Interest expense	$6,150	$4,984	23.4%	$13,012	$9,631	35.1%

Interest expense is primarily related to our Term Loan and Revolver. The increase for the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022 was primarily due to the increased interest rate on our borrowings, partially offset by decreased borrowings due to prepayments under our Credit Agreement.

Income Tax Expense and Effective Tax Rate

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	% Change	2023	2022	% Change
(in thousands, except percentages)						
Income tax expense	$4,604	$477	865.2%	$11,963	$4,805	149.0%
Effective tax rate	(60.0)%	(1.2)%		(142.1)%	(6.2)%	

See *Note 5*, *Income Taxes, for additional discussion around forecasting uncertainties related to our income tax rate.*

The Company’s income tax expense increased by $4.1 million and $7.2 million for the three and six months ended June 30, 2023, respectively, as compared to the three and six months ended June 30, 2022 primarily due to the increase in pre-tax income, the unfavorable impact of excess tax deficiencies on stock-based compensation and the provision and settling of uncertain income tax positions, offset by valuation allowances on deferred tax assets of select foreign operations, China SAFE RSUs and net GILTI inclusion.

The effective tax rate in each period differed from the U.S. statutory tax rate of 21% principally due to U.S. corporate state income taxation and the effect of foreign operations which reflects the impact of different income tax rates in locations outside the United States, the unfavorable impact of valuation allowances on deferred tax assets of select foreign operations, the non-deductibility of China SAFE RSUs, the unfavorable impact of capitalized research and experimental costs under IRC §174 increasing the Company's net GILTI inclusion, impacted by excess tax deficiencies unfavorably and excess tax benefits favorably on stock-based compensation for the three and six months ended June 30, 2023 and 2022, respectively, and the unfavorable impact of providing for and settling of uncertain income tax positions for the three and six months ended June 30, 2023. The change in the effective tax rate for the three and six months ended June 30, 2023 as compared to the prior periods, and the negative effective tax rate for the three and six months ended June 30, 2023 and 2022 is a result of the aforementioned unique net unfavorable items, when compared to the pre-tax loss recorded for the respective periods.

Foreign Currency Exchange Gains and Losses

See “Item 3. *Quantitative and Qualitative Disclosures About Market Risk*” included elsewhere in this Quarterly Report as well as “Item 1A. Risk Factors—Risks Related to Our Global Operations—Our business, financial condition and results of operations may be adversely affected by fluctuations in foreign currency exchange rates" as included in our 2022 *Annual Report*.

Non-GAAP Financial Measures

We define Adjusted Net Income as net loss adjusted for unrealized loss (gain) on foreign currency exchange, stock-based compensation expense, amortization of acquisition-related intangibles, acquisition costs, restructuring charges, certain professional fees that are considered unrelated to our ongoing revenue-generating operations, employer payroll related expense on employee equity incentive plan, final tax assessment for closed operations, the change in fair value of contingent consideration and income tax effects of adjustments.

We define Adjusted EBITDA as net loss adjusted to exclude income tax expense; interest expense; other (income) expense, net, excluding a gain related to the mark to market adjustment on shares received in relation to the sale and settlement of trade receivables in 2022; unrealized loss (gain) on foreign currency exchange; stock-based compensation expense; depreciation and amortization expense; acquisition costs; restructuring charges; certain professional fees that are considered unrelated to our ongoing revenue-generating operations, employer payroll related expense on employee equity incentive plan and final tax assessment for closed operations. Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by total revenues.

We use Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Net Income as measures of operating performance and the operating leverage in our business. We believe that these non-GAAP financial measures are useful to investors for supplemental period-to-period comparisons of our business and in understanding and evaluating our operating results for the following reasons:

- Our management uses Adjusted Net Income to assess our overall performance, without regard to items that are considered to be unique or non-recurring in nature or otherwise unrelated to our ongoing revenue-generating operations, net of the income tax effect of the adjustments;
- Adjusted EBITDA and Adjusted EBITDA Margin are widely used by investors and securities analysts to measure a company's operating performance without regard to the aforementioned adjustments which can vary substantially from company to company depending upon their financing, capital structures, and the method by which assets were acquired or costs that are unique or non-recurring in nature or otherwise unrelated to our ongoing revenue-generating operations;
- Our management uses Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin in conjunction with financial measures prepared in accordance with GAAP for planning purposes, including the preparation of our annual operating budget, as a measure of our core operating results and the effectiveness of our business strategy, and in evaluating our financial performance; and
- Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin provide consistency and comparability with our past financial performance, facilitate period-to-period comparisons of our core operating results, and also facilitate comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools, and you should not consider these measures in isolation or as substitutes for analysis of our financial results as reported under GAAP. Some of these limitations are, or may in the future be, as follows:

- Although depreciation and amortization expense is a non-cash charge, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA and Adjusted EBITDA Margin do not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin exclude stock-based compensation expense, which has recently been, and will continue to be for the foreseeable future, a significant recurring non-cash expense for our business and an important part of our compensation strategy;
- Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect (i) interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us; or (ii) accruals or tax payments that may represent a reduction in cash available to us;
- Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin do not reflect transaction costs related to acquisitions; and

- The expenses and other items that we exclude in our calculations of Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin may differ from the expenses and other items, if any, that other companies may exclude from similarly-titled non-GAAP measures when they report their operating results, and we may, in the future, exclude other significant, unusual or non-recurring expenses or other items from these financial measures.

Because of these limitations, Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin should be considered along with other financial performance measures presented in accordance with GAAP.

The following tables present a reconciliation of Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin to their most directly comparable financial measure prepared in accordance with GAAP, for the periods indicated (in thousands, except percentages):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	$ (12,272)	$ (39,308)	$ (20,379)	$ (82,893)
Unrealized foreign exchange loss (gain)	213	13,434	(735)	7,794
Stock-based compensation	17,606	68,965	35,285	169,148
Amortization of acquisition-related intangibles	3,669	3,303	7,260	6,295
Acquisition costs (a)	2,100	1,282	3,806	1,302
Certain professional fees (b)	1,525	63	1,750	866
Employer payroll related expense on employee equity incentive plan (c)	249	(125)	491	3,497
Final tax assessment for closed operations (d)	—	258	—	258
Change in fair value of contingent consideration (e)	129	528	129	528
Income tax effects of adjustments (f)	(3,114)	(11,392)	(7,435)	(25,795)
Adjusted Net Income	$ 10,105	$ 37,008	$ 20,172	$ 81,000

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	$ (12,272)	$ (39,308)	$ (20,379)	$ (82,893)
Income tax expense	4,604	477	11,963	4,805
Interest expense	6,150	4,984	13,012	9,631
Other (income) expense, net (g)	(6)	413	787	325
Unrealized foreign exchange loss (gain)	213	13,434	(735)	7,794
Stock-based compensation	17,606	68,965	35,285	169,148
Depreciation and amortization	9,131	8,074	18,220	16,656
Acquisition costs (a)	2,100	1,282	3,806	1,302
Certain professional fees (b)	1,525	63	1,750	866
Employer payroll related expense on employee equity incentive plan (c)	249	(125)	491	3,497
Final tax assessment for closed operations (d)	—	258	—	258
Adjusted EBITDA	$ 29,300	$ 58,517	$ 64,200	$ 131,389
Net loss margin	(4.3)%	(11.8)%	(3.4)%	(12.7)%
Adjusted EBITDA Margin	10.2 %	17.6 %	10.8 %	20.1 %

(a) Reflects costs for certain professional fees and retention wage expenses related to certain acquisitions.

(b) Adjusts for certain transaction expenses, non-recurring legal expenses, and one-time professional fees.

(c) We exclude employer payroll related expense on employee equity incentive plan as these expenses are tied to the exercise or vesting of underlying equity awards and the price of our common stock at the time of vesting or exercise. As a result, these expenses may vary in any particular period independent of the financial and operating performance of our business.

(d) Adjusts for certain tax related expenses related to final tax assessments from closing operations in Uganda, which was completely shut down in 2015.

(e) Adjusts for the non-cash adjustment to the fair value of contingent consideration.

(f) Adjusts for the income tax effects of the foregoing adjusted items.

(g) Excludes a gain, which was included within Other (income) expense, net in the condensed consolidated statements of loss and comprehensive loss for the first quarter of 2023, related to the mark to market adjustment on shares received in relation to the sale and settlement of trade receivables in 2022.

Liquidity and Capital Resources

The following table summarizes certain key measures of our liquidity and capital resources (in thousands):

	June 30, 2023	December 31, 2022
Cash and cash equivalents	$ 88,151	$ 194,294
Availability under Revolver	300,000	300,000
Borrowings under Revolver	—	—
Long-term debt, including current portion (1)	296,529	399,006

(1) The balance includes deferred financing fees. A reconciliation of gross to net amounts is presented in Note 8, *Credit Agreements*.

Our cash generated from operations and financing activities has been our primary source of liquidity to fund operations and investments. Our capital investments focus on our technology solutions, corporate infrastructure and strategic acquisitions to further expand into new business sectors and/or expand sales in existing sectors. The Company generates sufficient cash flows for working capital and expects to do so for the foreseeable future.

As of June 30, 2023, our principal sources of liquidity were cash and cash equivalents of $88.2 million and $300.0 million of available borrowings under our Revolver.

In the future, we may enter into arrangements to acquire or invest in complementary businesses, services and technologies, or intellectual property rights. To fund these acquisitions or investments, we may seek to access the debt or capital markets. Our ability to obtain additional funding will be subject to various factors, including general market conditions, our operating performance, the market's perception of our growth potential, lender sentiment and our ability to incur additional debt in compliance with our contractual restrictions, including those in our Credit Agreement.

Our Credit Facilities

Our subsidiaries are party to the Credit Agreement. The Credit Agreement provides for a Term Loan and the Revolver. See Note 12, *Credit Agreements*, in the notes to our consolidated financial statements included in the 2022 Annual Report for a discussion of our Term Loan and Revolver as well as Note 8, *Credit Agreements*, with respect to this Quarterly Report. As of June 30, 2023, we had $298.9 million outstanding under our Term Loan with an interest rate of 7.69% and no borrowings outstanding under the Revolver.

The Credit Agreement requires compliance with certain covenants customary for agreements of this type. As of June 30, 2023, we were in compliance with our debt covenants.

Cash Flows

The following table shows a summary of our cash flows for the periods indicated (in thousands):

	Six Months Ended June 30,	
	2023	2022
	(as restated)	
Net cash provided by (used in):		
Operating activities (1)	$ 30,243	$ 21,477
Investing activities	(19,449)	(77,602)
Financing activities (1)	(117,035)	(54,199)
Effect of exchange rate changes on cash and cash equivalents	178	(8,884)
Net decrease in cash and cash equivalents	$ (106,063)	$ (119,208)

(1) The amounts have been restated. See Note 1, Business and Summary of Significant Accounting Policies, for additional information.

Operating Activities

Net cash provided by operating activities during the six months ended June 30, 2023 was $30.2 million compared to cash provided of $21.5 million for the comparable period in 2022. The increase in cash provided was primarily due to a decrease in trade receivables attributable to lower revenue, offset by an increase in days sales outstanding ("DSO") compared to the six months ended June 30, 2022, and a decrease in accruals driven by lower bonus accruals and the payment of tax installments during the quarter.

Investing Activities

Net cash used in investing activities during the six months ended June 30, 2023 was $19.4 million driven by the acquisition of Itoc in the first quarter of 2023.

Net cash used in investing activities during the six months ended June 30, 2022 was $77.6 million driven by the acquisition of Connected in the second quarter of 2022.

Financing Activities

Net cash used in financing activities during the six months ended June 30, 2023 was $117.0 million driven by the repayment of long-term debt of $103.6 million and $14.0 million related to the contingent consideration payment.

Net cash used in financing activities during the six months ended June 30, 2022 was $54.2 million driven by withholding taxes paid related to the following: net share settlement on equity awards of $29.0 million, tender offer of $15.5 million and dividends previously declared of $10.0 million.

Contractual Obligations and Future Capital Requirements

Contractual Obligations

We recorded an acquisition purchase price liability of $14.0 million for contingent consideration related to the acquisition of Connected. The final payout amount of $14.3 million was paid on May 4, 2023.

Refer to Note 3, *Acquisitions*, and Note 8, *Leases,* of the notes to our consolidated financial statements included in Part II, Item 8 of the 2022 Annual Report for further detail regarding the aforementioned contingent consideration and additional information related to our lease commitments.

There were no other material changes in our contractual obligations and commitments during the six months ended June 30, 2023 from the contractual obligations and commitments disclosed in the 2022 Annual Report.

Except as disclosed in "—Our Credit Facilities" and those mentioned above, we did not have other material contractual obligations for cash expenditures.

Future Capital Requirements

We believe that our existing cash and cash equivalents combined with our expected cash flow from operations will be sufficient to meet our projected operating and capital expenditure requirements for at least the next twelve months and that we possess the financial flexibility to execute our strategic objectives, including the ability to make acquisitions and strategic investments in the foreseeable future. However, our ability to generate cash is subject to our performance, general economic conditions, industry trends and other factors, and due to our global operations, the value of cash generated may be adversely affected by fluctuations in foreign currency exchange rates. To the extent that existing cash and cash equivalents and operating cash flow are insufficient to fund our future activities and requirements, we may need to raise additional funds through public or private equity or debt financing. If we incur new debt, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity or convertible debt securities, existing stockholders may experience dilution, and such new securities could have rights senior to those of our common stock. These factors may make the timing, amount, terms and conditions of additional financings unattractive. Our inability to raise capital could impede our growth or otherwise require us to forego growth opportunities and could materially adversely affect our business, financial condition and results of operations. There is no assurance that we would be able to raise additional funds on favorable terms or at all.

Commitments and Contingencies

Certain conditions may exist as of the date of the condensed consolidated financial statements which may result in a loss to the Company but will only be resolved when one or more future events occur or fail to occur. Such liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources, are recorded when the Company assesses that it is probable that a future liability has been incurred and the amount can be reasonably estimated. Recoveries of costs from third parties, which the Company assesses as being probable of realization, are recorded to the extent of related contingent liabilities accrued. Legal costs incurred in connection with matters relating to contingencies are expensed in the period incurred. The Company records gain contingencies when realized.

Off-Balance Sheet Arrangements

We did not have during any of the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Recent Accounting Pronouncements

See Note 1, *Business and Summary of Significant Accounting Policies*, in the notes to our condensed consolidated financial statements included in Part I, Item I of this Quarterly Report for a discussion of recent accounting pronouncements.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report are prepared in accordance with GAAP. In preparing the condensed consolidated financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, stockholders' equity, revenues, expenses and related disclosures. We re-evaluate our estimates on an on-going basis. Our estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Because of the uncertainty inherent in these matters, actual results may differ from these estimates and could differ based upon other assumptions or conditions.

There have been no material changes to our critical accounting policies and estimates as compared to those described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in our 2022 Annual Report.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

We are exposed to certain market risks in the ordinary course of our business. These risks primarily result from changes in concentration of credit, interest rates and foreign currency exchange rates. In addition, our international operations are subject to risks related to differing economic conditions, civil unrest, political instability or uncertainty, military activities, broad-based sanctions, differing tax structures, and other regulations and restrictions.

There were no material changes to the information on market risk disclosure from our 2022 Annual Report.

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosure.

In connection with the preparation of this Quarterly Report on Form 10-Q/A, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon this evaluation, our principal executive officer and principal financial officer concluded that, as of June 30, 2023, due to a material weakness in our internal controls over financial reporting described below, our disclosure controls and procedures were not effective.

Material Weakness in Internal Control Over Financial Reporting

As previously disclosed, in connection with our unaudited condensed consolidated financial statements for the period ended June 30, 2023, we identified a material weakness in internal control over financial reporting related to the inaccurate presentation of the payment of contingent consideration within the condensed consolidated statement of cash flows, as more fully described in Note 1, *Business and Summary of Significant Accounting Policies.*

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

After giving consideration to the material weakness, and the additional review and other procedures that we performed related to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q/A, management has concluded that such financial statements are fairly stated in all material respects in accordance with U.S. GAAP for each of the periods presented therein.

Management's Plan to Remediate the Material Weakness

In order to remediate the material weakness, the Company's management plans to enhance the design of our internal controls over discrete, non-routine transactions within the statement of cash flows. The material weakness cannot be considered remediated until the newly designed controls operate effectively for a sufficient period of time and management has concluded, through testing, that the control is operating effectively.

Changes in Internal Control Over Financial Reporting

Except for the material weakness described above, for the period ended June 30, 2023, there were no changes in our internal control over financial reporting (identified in management's evaluation pursuant to Rules 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

From time to time, we may be involved in litigation relating to claims arising out of our operations and businesses that cover a wide range of matters, including, among others, intellectual property, data privacy and cybersecurity, contract and employment, personal injury, product liability and warranty. Currently, there are no claims or proceedings against us that we believe will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the results of any current or future litigation cannot be predicted with certainty and, regardless of the outcome, we may incur significant costs and experience a diversion of management resources as a result of litigation.

Item 1A. *Risk Factors*

The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described in the 2022 Annual Report in Part I, Item 1A. “Risk Factors,” any one or more of which could, directly or indirectly, cause the Company’s actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect the Company’s business, financial condition, operating results and stock price. There have been no material changes to the Company’s risk factors since those set forth in the 2022 Annual Report, except as set forth below:

We may be unable to implement our strategy, including cost and efficiency initiatives.

We have grown rapidly and significantly expanded our business over the past several years. Our growth has resulted in part from developing innovative solutions at the forefront of emerging technologies for our clients. However, this has required that we invest substantial amounts of cash in human capital and the infrastructure to support our growth during this period, including training, administration and facilities. Our strategy places significant demands on our management and our administrative, operational and financial infrastructure, and our strategy creates challenges, including:

- training and retaining a sufficient number of skilled professionals and management personnel;
- planning our staffing needs on a consistent basis and efficiently using on-site and off-site staffing;
- maintaining close and effective relationships with a larger number of clients in a greater number of industries and locations;
- reducing costs and minimizing cost overruns and project delays in delivery center and infrastructure expansion;
- effectively maintaining productivity levels and implementing process improvements across geographies and business units;
- improving our internal administrative, operational and financial infrastructure.

We intend to strategically pursue available opportunities for the foreseeable future while seeking to make our cost structure and business more efficient. As we introduce new services, enter into new markets, integrate corporate acquisitions, and take on increasingly innovative projects, often implementing or introducing new technologies to our clients, our business may face new risks and challenges. If our clients do not choose us for innovative projects or we do not effectively manage those projects, our reputation, business and financial goals may be damaged. We need to generate business and revenues to support new investments and infrastructure projects. We risk inaccurately estimating our human capital needs, which may result in having personnel with the wrong skill sets in our business, having an excess in personnel or deficiency in certain specialized skills sets and as a result we may need to recalibrate our workforce including adjusted hiring patterns and undertaking periodic workforce reductions. During 2023, we have undertaken restructuring actions to better align our financial model and our business with the market. In August 2023, we announced a restructuring plan as part of our efforts to reduce operating costs, which plan involved the termination of approximately 5-6% of our employees. We may need to take additional restructuring actions in the future to align our business with the market. Furthermore, inaccurately assessing human capital needs may, and which in the past has resulted, and in the future may result, in additional workforce reductions. The challenges associated with expansion while controlling our operating costs could negatively impact our anticipated growth and margins. In addition, our restructuring actions may not yield the intended benefits and may be unsuccessful or disruptive to our business. As a result, our business, prospects, financial condition and results of operations could be materially adversely affected.

We have had to restate our previously issued unaudited condensed consolidated financial statements and as part of that process identified a material weakness in our internal control over financial reporting as of June 30, 2023 and September 30, 2023. If we are unable to develop and maintain effective internal control over financial reporting, we may be unable to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and may adversely affect our business, financial condition and results of operations.

The Company concluded that the Company’s previously issued unaudited condensed consolidated financial statements as of and for the quarterly periods ended June 30, 2023 and September 30, 2023 (collectively, the “Non-Reliance Periods”) included in the Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission (the “SEC”) for the Non-Reliance Periods, should no longer be relied upon and required restatement.

Any failure to maintain effective internal control over financial reporting could adversely impact our ability to report our financial condition and results from operations on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations. There could be an adverse effect on our business, financial condition and results of operations. Ineffective internal control over financial reporting could also cause investors to lose confidence in our reported financial information which could have a negative effect on the trading price of our stock.

We may face increased scrutiny by the SEC, shareholder litigation and other risks as a result of the restatement and material weakness in our internal control over financial reporting.

As part of the restatement, we identified a material weakness in our internal control over financial reporting. As a result of the restatement, we face potential for increased regulatory scrutiny, shareholder litigation or other disputes which may include, among other things, claims invoking the federal and state securities laws, contractual claims or other claims arising from the restatement and the material weakness in our internal control over financial reporting and the preparation of our financial statements. As of the date of this Quarterly Report on Form 10-Q, as amended, we have no knowledge of any such regulatory investigation, litigation, dispute or controversy. However, we can provide no assurance that such regulatory investigation, litigation, dispute or controversy will not arise in the future. Any such investigation, litigation, dispute or controversy, whether successful or not, could adversely affect our business, financial condition and results of operations.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

There were no unregistered sales of the Company's equity securities during the second quarter of 2023.

Item 3. *Defaults Upon Senior Securities*

None.

Item 4. *Mine Safety Disclosures*

Not Applicable.

Item 5. *Other Information*

Departure of directors or certain officers; election of directors; appointment of certain officers; compensatory arrangements of certain officers

On August 8, 2023, in connection with the Company’s Reorganization, the Company has taken the following actions:

- The Board of Directors appointed Christopher Murphy as Chief Revenue and Client Officer, effective immediately. In this new role, Mr. Murphy will report to Chief Executive Officer Guo Xiao and be responsible for overseeing demand generation and sales pipeline visibility, developing industry-specific solutions, and managing client relationships to achieve client success. Mr. Murphy has been an employee of Thoughtworks for 19 years, most recently serving as Chief Executive Officer of North America.
- The Board of Directors appointed Sudhir Tiwari as Global Head of the Digital Engineering Center, effective immediately. Mr. Tiwari will report to Chief Executive Officer Guo Xiao and be responsible for overseeing supply planning, engineering excellence, digital engineering best practices and day-to-day functions of the Company's new Digital Engineering Center. Mr. Tiwari will be responsible for managing and optimizing the Company's utilization levels. Mr. Tiwari has been an employee at Thoughtworks for 18 years, most recently serving as Regional Managing Director of India and the Middle East and Managing Director of India.
- As a part of the Reorganization, the Company notified Sai Mandapaty that the Chief Commercial Officer role is being eliminated, effective immediately. Mr. Mandapaty will remain employed by the Company while he transitions his responsibilities.

Insider Trading Arrangements and Policies

Our directors and executive officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) may purchase or sell shares of our common stock in the market from time to time, including pursuant to equity trading plans adopted in accordance with Rule 10b5-1 under the Exchange Act and in compliance with guidelines specified by the Company's insider trading policy. During the three months ended June 30, 2023, the following directors or executive officers of the Company adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933):

Name and Position	Plan Adoption/Termination	Plan Adoption/Termination Date	Duration of the Plan (Expiration Date)	Number of Shares to be Purchased (Sold) under Plan
Rebecca Parsons CTO Emerita	Adoption	May 17, 2023	May 31, 2024	(17,507)

Transactions under director or executive officer trading plans will be disclosed publicly through Form 144 and Form 4 filings with the SEC to the extent required by law. No non-Rule 10b5-1 trading arrangements were entered into by any director or executive officer of the Company during the covered period.

Item 6. *Exhibits*

Exhibit Number	Description
10.1	Amendment No. 3 to Amended and Restated Credit Agreement (incorporated by reference to the Company's Quarterly Report on Form 10-Q filed August 8, 2023)
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File - (formatted as inline XBRL and contained in Exhibit 101)

*	Exhibits filed herewith
**	Exhibits furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 26, 2024

THOUGHTWORKS HOLDING, INC.

By: /s/ Guo Xiao

Guo Xiao

Chief Executive Officer and Director

(Principal Executive Officer)

By: /s/ Erin Cummins

Erin Cummins

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 31.1

Certification by Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Guo Xiao, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Thoughtworks Holding, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the

audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2024

/s/ Guo Xiao

Guo Xiao

Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 31.2

Certification by Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Erin Cummins, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Thoughtworks Holding, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the

audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2024

/s/ Erin Cummins

Erin Cummins

Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q/A of Thoughtworks Holding, Inc. (the "Company") for the quarter ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Guo Xiao, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

i. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

ii. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: February 26, 2024

/s/ Guo Xiao
Guo Xiao

Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q/A of Thoughtworks Holding, Inc. (the "Company") for the quarter ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Erin Cummins, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to her knowledge:

i. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

ii. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: February 26, 2024

/s/ Erin Cummins

Erin Cummins

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)